

# POVERTY IN 2004

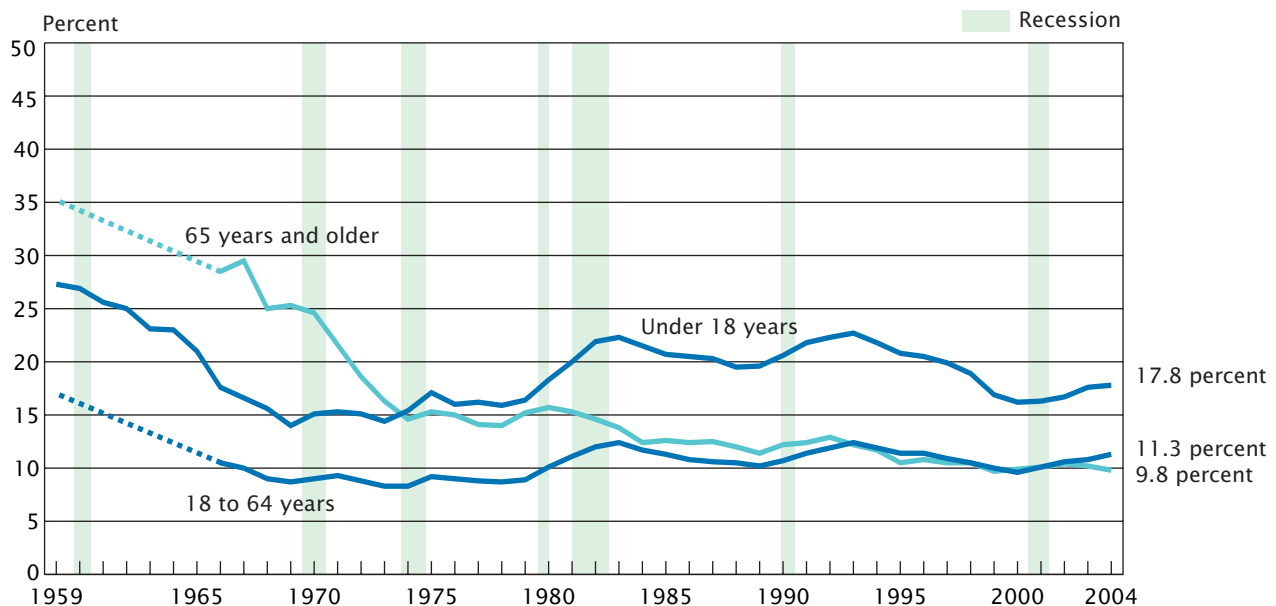
Since 1959, the U.S. Census Bureau has produced statistics on the number and rate of people in poverty. Information used to calculate poverty rates in 2004 were collected in the 2005 Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS). These data help describe the country's economic well-being.

Between 2003 and 2004, the official poverty rate rose from 12.5 percent to 12.7 percent, and the number of

people in poverty grew from 35.9 million to 37.0 million.<sup>1</sup> The 2004 poverty rate for people aged 18 to 64

<sup>1</sup> The estimates in this report (which may be shown in text and figures) are based on responses from a sample of the population and may differ from actual values because of sampling variability or other factors. As a result, apparent differences between the estimates for two or more groups may not be statistically significant. All comparative statements have undergone statistical testing and are significant at the 90-percent confidence level unless otherwise noted. For further information about the sources and accuracy of the estimates, go to <[www.census.gov/hhes/www/p60\\_229sa.pdf](http://www.census.gov/hhes/www/p60_229sa.pdf)>.

Figure 1.  
**Poverty Rates by Age: 1959 to 2004**



Note: The data points are placed at the midpoints of the respective years.  
Data for people 18 to 64 and 65 and older are not available from 1960 to 1965.

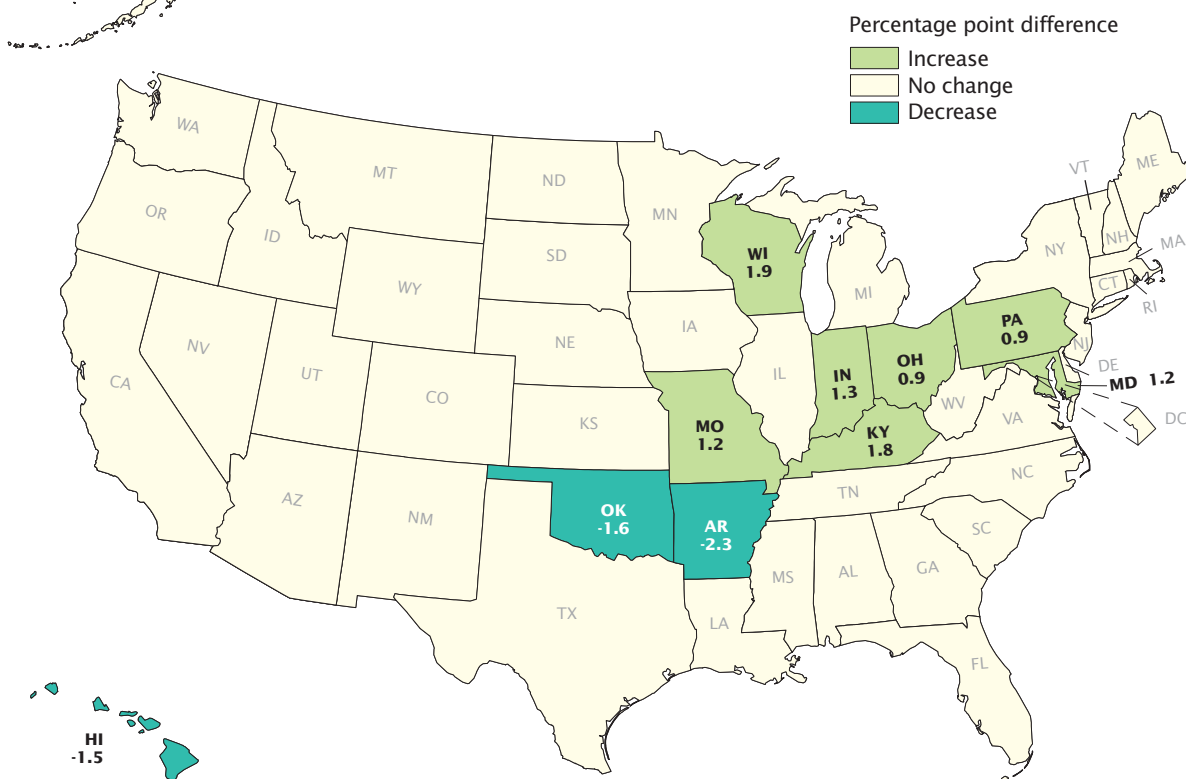
Source: U.S. Census Bureau, Current Population Survey, 1960 to 2005 Annual Social and Economic Supplements.

## Words That Count

**Poverty** is defined according to the Office of Management and Budget's (OMB) Statistical Policy Directive 14 using a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the threshold, the family and every individual in it are considered to be in poverty. The official poverty thresholds do not vary

geographically but are updated annually for inflation using the Consumer Price Index. The official poverty definition counts money income before taxes and excludes capital gains and the value of noncash benefits (such as public housing, Medicaid, and food stamps). In 2004, the poverty threshold for a family of four, including two children, was \$19,157.

Figure 2.  
**Differences in 2-Year-Average Poverty Rates by State:  
2003–2004 Less 2002–2003**



Source: U.S. Census Bureau, Current Population Survey, 2003 to 2005 Annual Social and Economic Supplements.

grew from 10.8 percent in 2003 to 11.3 percent, while the rate for people 65 and older fell from 10.2 percent to 9.8 percent, as shown in Figure 1. The 2004 poverty rate for children under age 18 remained unchanged at 17.8 percent.

### Poverty by Race, Hispanic Origin, and Nativity

Between 2003 and 2004, both the poverty rate and the number in poverty increased for non-Hispanic Whites—from 8.2 percent to 8.6 percent and from 15.9 million to 16.9 million, respectively. The poverty rate for non-Hispanic Whites was lower than the rate for any other racial group or Hispanics. In 2004, non-Hispanic Whites accounted for 67.1 percent of the

total population, compared with 45.6 percent of the poverty population.<sup>2</sup>

<sup>2</sup> Federal surveys now give respondents the option of reporting more than one race. Therefore, two basic ways of defining a race group are possible. A group such as Asian may be defined as those who reported Asian and no other race (the race-alone or single-race concept) or as those who reported Asian regardless of whether they also reported another race (the race-alone-or-in-combination concept). The text and figures in this report show data using the first approach (race alone). Use of the single-race population in this report does not imply that this is the preferred method of presenting data. The Census Bureau uses a variety of approaches.

Non-Hispanic White refers to people who reported White and no other race and who are not Hispanic. The term Black is used for people who reported Black or African American and the term Pacific Islander is used for people who reported Native Hawaiian and Other Pacific Islander.

Because Hispanics may be any race, data in this chapter for Hispanics overlap slightly with data for the racial populations. Based on the 2005 CPS ASEC, 2.9 percent of Black householders, 27.7 percent of American Indian and Alaska Native householders, and 9.5 percent of Pacific Islander householders were Hispanic.

Between 2003 and 2004, the poverty rate for Asians fell from 11.8 percent to 9.8 percent. Over this same time period, the number in poverty also decreased from 1.4 million to 1.2 million.

The poverty rate for Blacks and Hispanics—24.7 percent and 21.9 percent, respectively—did not change between 2003 and 2004. The number of people in poverty also remained unchanged—with about 9 million people in each group living below the poverty line.

Because of the small sample size of the American Indian and Alaska Native population and the Pacific Islander population in the 2005 CPS ASEC, the Census Bureau uses 3-year-average poverty rates to improve accuracy. The 3-year-average poverty rate (2002–2004) for people who reported American Indian and Alaska Native was 24.3 percent—not different from the rates for Blacks and Hispanics, but higher than the rates for other racial groups. The 3-year-average poverty rate for Pacific Islanders was 13.2 percent, not statistically different from the rate for Asians, but higher than the rate for non-Hispanic Whites and lower than the rate for other groups.

Between 2003 and 2004, the poverty rate and the number in poverty rose for the native population.<sup>3</sup> In 2004, 12.1 percent of natives were in poverty, accounting for 31.0 million people. At the same time, both the poverty rate and the number in poverty remained unchanged for the foreign-born population—17.1 percent and 6.0 million.

## Families in Poverty

Between 2003 and 2004, the number of families in poverty grew from 7.6 million to 7.9 million, while their

<sup>3</sup> Natives are people with at least one citizen parent or who were born in the United States, Puerto Rico, or any of the U.S. island areas, including the U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.

poverty rate remained unchanged at 10.2 percent. In 2004, 3.2 million married-couple families or 5.5 percent of all married-couple families lived in poverty. Four million families with a female householder with no husband present (28.4 percent) lived in poverty. Among families with a male householder with no wife present, 658,000, or 13.5 percent, were in poverty.

## Poverty Levels by Region and State

The Midwest was the only region to show an increase in both the number in poverty and the poverty rate. Between 2003 and 2004, the number in poverty rose from 6.9 million to 7.5 million and the percentage in poverty rose from 10.7 percent to 11.6 percent. The 2004 poverty rates were unchanged for the Northeast (11.6 percent), the South (14.1 percent), and the West (12.6 percent). The South continued to have the highest poverty rate.

To improve reliability at the state level, the Census Bureau uses 3-year averages to measure poverty (2002 through 2004 in this report). The 3-year-average poverty rate for Mississippi (17.7 percent) was not different from the average rates for the District of Columbia and five states—Arkansas, Louisiana, New Mexico, Texas, and West Virginia. The rates for all 44 remaining states were lower. The poverty rate for New Hampshire (5.7 percent), while not different from the rate for Minnesota, was lower than the rates for the remaining 48 states and the District of Columbia.

The Census Bureau uses 2-year moving averages (2002–2003 and 2003–2004) to compare changes in poverty rates at the state level over time. Based on this approach, the poverty rate declined in three states—Arkansas, Hawaii, and Oklahoma, as shown in Figure 2. Seven states experienced increases—Indiana, Kentucky, Maryland, Missouri, Ohio, Pennsylvania, and Wisconsin.

## Poverty (1996 to 1999)

Most surveys produce data for one point in time, while information from longitudinal surveys provides a dynamic view of how people move in and out of poverty over time. Data for this analysis were collected in the 1996 panel of the Survey of Income and Program Participation (SIPP) and reflect the dynamics of poverty from January 1996 to December 1999 for the civilian noninstitutionalized population.

Based on the sample of people who remained in the survey from 1996 to 1999, 40.9 million people, or 16 percent of the population, were in poverty (using the official poverty measure) in an average month in 1996. By 1999, the average number in poverty had fallen to 34.8 million, yielding an average monthly rate of 13 percent. Overall, 34 percent of people were in poverty for at least 2 months during the study period and 2 percent were in poverty every month of the 4-year period from 1996 through 1999.

Reflecting declines in poverty between 1996 and 1999, more people exited than entered poverty over the study period. Of those who were in poverty in

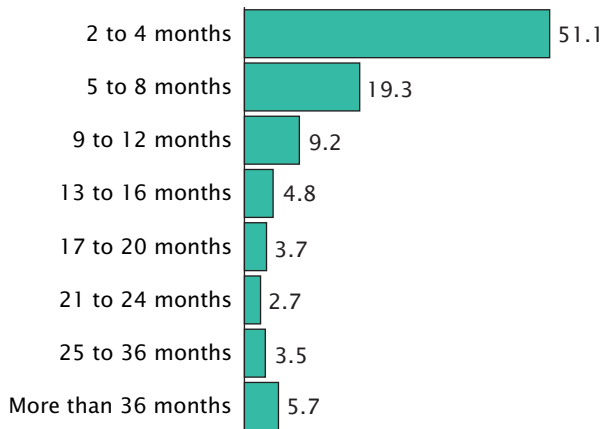
1996, 65 percent remained in poverty in 1997, 56 percent were in poverty in 1998, and 50 percent continued to be in poverty in 1999.<sup>4</sup> Of those who were not in poverty in 1996, 2.9 percent entered poverty in 1997, 3.3 percent in 1998, and 3.5 percent in 1999.

Poverty transitions occur more frequently when using a monthly rather than an annual poverty measure, reflecting the higher volume of short-term fluctuations in income. The majority of poverty experiences ended

within 4 months. About four-fifths ended within a year (Figure 3).

Figure 3.  
**Duration of Poverty Spells: 1996 to 1999**

(Percent of poverty spells. Excludes spells underway during the first interview month)



Note: 2.0 percent of people were in poverty for all 48 months; they are not included in the above distribution.

Source: U.S. Census Bureau, Survey of Income and Program Participation, 1996 Panel.

<sup>4</sup> The percentage of people who exited poverty in 1998 was not statistically different from the percentage who exited in 1999.

## Participation in Means-Tested Programs: 1996 to 1999

In 1999, the average monthly participation in major means-tested assistance programs was 36 million (13 percent of noninstitutionalized civilians), according to the Survey of Income and Program Participation (SIPP). These programs included:

- Aid to Families With Dependent Children (AFDC) and Temporary Assistance for Needy Families (TANF)
- General assistance (GA)
- Food stamps
- Medicaid
- Supplemental Security Income (SSI)
- Housing assistance

Individuals were more likely to participate in Medicaid than in any other means-tested program. During 1999, the average monthly participation rate in this program was 10 percent. Individuals participated in the Supplemental Security Income (SSI) program for longer periods of time than people participated in the food stamp or Medicaid programs.

Unemployed people were more likely to participate in means-tested programs (26 percent) than those with full-time jobs (4 percent). Individuals in households maintained by women were approximately 5 times more likely to participate in an average month than those in married-couple families. Children under 18 years were more likely to receive benefits from some of these programs than people in other age groups. In an average month in 1999, 21 percent of children received some type of benefit, compared with 10 percent of people 18 to 64 years and 13 percent of people 65 and older.

Between 1996 and 1999, the proportion of people in poverty receiving benefits declined from 52 percent to 49 percent. Those in poverty were more likely to receive at least one type of major means-tested benefit than individuals who were not poor. The 1999 participation rate for people who were not in poverty was 8 percent.

## The Census Bureau Can Tell You More

For more detailed information, consult the following U.S. Census Bureau Current Population Reports: *Income, Poverty, and Health Insurance Coverage in the United States: 2004* (P60-229) by Carmen DeNavas-Walt, Bernadette D. Proctor, and Cheryl Hill Lee; *Dynamics of Economic Well-Being: Poverty 1996-1999* (P70-91) by John Iceland; and *Dynamics of Economic Well-Being: Program Participation, 1996 to 1999 Who Gets Assistance?* (P70-94) by Gordon H. Lester and Jan Tin.

Look for complete reports and detailed tables on the Census Bureau's Web site <[www.census.gov](http://www.census.gov)>. Click "Subjects A to Z." Click on "P" and select "Poverty Data."

For additional information on measuring economic well-being, see *Supplemental Measures of Material Well-Being: Expenditures, Consumption, and Poverty: 1998 and 2001* (P23-201), published in September 2004.

Contact the Census Bureau's Customer Services Center at 301-763-INFO (4636) or e-mail <[hhes-info@census.gov](mailto:hhes-info@census.gov)>.